

Report of the

Interagency Council on Affordable Housing

January 15, 2013

Anne Foley, Chair

*Under Secretary
Office of Policy and Management*

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Introduction

Establishment of the Council

Recognizing that affordable housing is a crucial component of the state's economy and fundamental to the viability of its communities, Governor Dannel P. Malloy immediately began an unprecedented investment in the state's supply of affordable housing upon taking office in January 2011. In his initial budget as Governor, he added \$130 million in new capital funding for new affordable and supportive housing with an annualized \$2.6 million for operating and support services. In January 2012, the Reaching Home Campaign's "Opening Doors CT" blueprint to end homelessness was launched by the convening of a steering committee which included Lieutenant Governor Nancy Wyman and many state government officials. In February 2012, Governor Malloy expanded his commitment to providing Connecticut residents with quality, affordable housing and his mid-term budget adjustments contained a comprehensive package to enhance the state's investment in housing and to reorganize housing efforts.

With the state legislature's approval, the state budget for the fiscal year (FY) 2012-13 biennium included about \$200 million in capital funding for the development and revitalization of affordable housing – including supportive housing, congregate housing, and municipal incentives -- with a commitment for an additional \$270 million over the next nine years specifically targeted to public housing revitalization. The investments will provide much needed affordable housing for years to come in communities across the state and consist of the following components:

- **Affordable Housing.** The FY 2012-13 state budget authorized \$50 million in FY 2012 and an additional \$70 million in FY 2013 for a total of \$120 million in capital funds to revitalize and develop new units of affordable housing across the state.
- **Public Housing Revitalization.** The state budget authorized \$30 million in capital funds in FY 2013 as start of ten year commitment of \$300 million to preserve and upgrade this housing, bringing deteriorated and vacant units back on line. Funding is supported with an annualized \$1.5 million (\$375,000 beginning in April 2013) for 150 new rental subsidies to ensure an adequate ongoing revenue stream.
- **Congregate Housing.** The state budget authorized \$12.5 million in capital funding to re-invigorate the state's congregate housing program and support the development of about 50 new units of congregate housing with \$202,500 for ongoing congregate operating subsidies.

- **Supportive Housing.** The state budget provides funding for both the development of new units of project-based supportive housing and also funding for scattered site units. The budget authorized \$30 million in capital funding for 150 new units of supportive housing coupled with an annualized \$2.6 million for operating and support services. In addition, the budget contains an annualized \$1.5 million (\$375,000 beginning in April 2013) to support an additional 150 RAPs for scattered site supportive housing.
- **HOMEConnecticut.** The state budget authorized \$2 million in bond funding for Incentive Housing Zones and legislative changes to the program facilitated the ability to manage limited funds and ensure that funding is targeted to those municipalities that are taking steps to develop affordable housing for their residents.

In addition to these significant new investments, Governor Malloy proposed to combine widely dispersed state housing functions into a new state Office of Housing within the Department of Economic and Community Development (DECD). Currently, responsibility for the state's housing programs is divided among state agencies -- which has created confusion for clients, inefficiencies, and a lack of a cohesive vision. The Governor's proposal to consolidate these functions was intended to support three main goals: (1) to be more consumer-friendly and easier to navigate for potential and existing clients; (2) to enhance the state's productivity and ensure a comprehensive approach to housing initiatives; and (3) to provide an effective structure to bring the state's housing agenda to the forefront.

The legislature considered the Governor's proposal and, in order to provide a coordinated and comprehensive approach to Connecticut's housing policies and programs, determined that housing functions should be consolidated into a new Department of Housing. The Department of Housing will provide leadership for the state's housing policy issues and will facilitate a coordinated implementation of the state's housing agenda.

Public Act 12-1 of the June Special Session¹ establishes the new Department of Housing as the lead agency for all matters related to housing. The department is responsible, at the state level, for all aspects of policy, development, redevelopment, preservation, maintenance and improvement of housing and neighborhoods. The department is responsible for developing strategies to encourage the provision of housing in the state, including housing for very low, low, and moderate income families. The focus of the department is on housing, community development, redevelopment, and urban renewal.

¹ See Appendix A

The legislation also established an Interagency Council on Affordable Housing to advise and assist the Commissioner of the Department of Housing in the planning and implementation of the department. The purpose of the council is to develop strategies and recommendations for the implementation of the new Department of Housing. Specifically, the council is required to:

- (1) Assess the housing needs of low income individuals and families;
- (2) Review and analyze the effectiveness of existing state programs in meeting those needs;
- (3) Identify barriers to effective housing delivery systems; and
- (4) Develop strategies and recommendations to enhance the availability of safe and affordable housing in communities across the state through the department of Housing.

The council brings together thirteen members² with diverse experiences as housing funders, administrators, providers, advocates, tenants, and individuals seeking housing assistance. Council members represent: the Office of Policy and Management; the Departments of Social Services, Mental Health and Addiction Services, Children and Families, Correction, and Economic and Community Development; the Partnership for Strong Communities; the Connecticut Housing Coalition; the Connecticut Coalition to End Homelessness; the Connecticut Housing Finance Authority; two members who are tenants receiving state housing assistance; and one member who is a state resident eligible to receive state housing assistance. The Governor designated Anne Foley, Under Secretary of the Office of Policy and Management, to serve as chairperson.

Council Actions in 2012

The Interagency Council on Affordable Housing met a total of eight times between July 2012 and January 2013. The initial meeting focused on the organizational structure of the council. The council delineated its responsibilities, roles, and adopted a workplan and written rules of procedures to conduct its business.

Early in the process, council members acknowledged and agreed on the importance of obtaining input from in-state and national housing experts to assist in fulfilling its mandates specified in the public act. Time was set aside at council meetings on August 14, September 7, and September 25 to hear from state and national housing experts on the following topics: housing needs of low income individuals and families; barriers to

² See Appendix B

effective housing delivery systems; and the vision of the new Department of Housing, including its purpose, principles, goals, populations served and a framework for services to be provided by the new department.

The following individuals served as panelists and presented on:

Housing Needs of Low Income Individuals and Families

- Nick Lundgren, Department of Economic and Community Development
- Eric Chatman, Connecticut Housing Finance Authority
- Howard Rifkin, Partnership for Strong Communities

Barriers to Effective Housing Delivery Systems:

- Betsy Crum, Connecticut Housing Coalition
- Carol Walter, Connecticut Coalition to End Homelessness

Vision for the Department of Housing

- Corianne P. Scally, Ph.D, Assistant Professor, Department of Geography and Planning, Affiliated Faculty, Rockefeller College of Public Affairs and Policy at the State University of New York at Albany
- Barbara Fields, Regional Administrator, Region 1, U.S. Department of Housing and Urban Development
- Alana Murphy, Director of Policy Development, Massachusetts Department of Housing and Community Development
- Miles Byrne, Development Director, Corcoran Jennison Company
- Orlando Perrilla, Chairman, Harbor Point Community Task Force
- Neil Griffin, President, Conn-NAHRO
- Sarah Gallagher, Director, Corporation for Supportive Housing
- Geoff Sager, President, Metro Realty Group, LTD
- Joan Carty, President and Chief Executive Officer, Housing Development Fund

The presentations can be found at: *post link here*.

Based on discussions among council members and with outside experts, the council developed a vision, mission, and roles for the new department and developed criteria for programs to be transferred to the new department. The council worked with state agencies to gather information on existing state housing programs and cross-referenced the existing state housing programs with the criteria to produce recommendations for specific programs to transfer.

The council conducted a public hearing on December 11, 2012 to receive feedback on their preliminary recommendations. Seven individuals provided oral testimony and an additional five pieces of written testimony were submitted. See Appendix C for a summary of the hearing. Testimony can be found at *post link here*.

The council is required to submit a report by January 15, 2013 to the Governor and the Appropriations, Housing and Human Services Committees of the Connecticut General Assembly on the implementation of the Department of Housing. The report must also address recommendations concerning:

- Programs to be transferred to the Department of Housing and a timeline for implementation;
- Effective changes to the state's housing delivery systems;
- Prioritization of housing resources; and
- Enhanced coordination among and across housing systems.

Moving forward, the Interagency Council on Affordable Housing will continue meeting on a regular basis to fulfill its statutory requirements and to serve as a forum to advise and assist the Commissioner of the Department of Housing in the planning and implementation of the Department of Housing.

Affordable Housing in Connecticut

A. Housing Needs of Low Income Individuals and Families

Like much of the nation, Connecticut does not have enough decent affordable housing. In some parts of the state this lack of decent affordable housing seriously impacts moderate and middle income households and even households with incomes well above 120% of the area median income (“AMI”)³. It also helps to make Connecticut a costly place to live and conduct business. Overall monthly housing costs for both renters and homeowners in Connecticut, for example, are the 6th highest in the nation. This, in turn, makes it more difficult to attract and retain businesses and residents.

However, the lack of decent affordable housing is a particularly acute problem for the state’s low-income individuals and families.

The statistics are stark:

- There are only 30 municipalities in the state where at least 10% of the homes are affordable.
- The percentage of renters who pay more than 30% of their income for their housing and are therefore “overburdened,” has risen from 36.3% in 2000 to 52% in 2010.
- Of the households that rent their homes, about 114,891 (i.e. 26%) earn less than 50% of AMI and are “severely overburdened,” meaning that they must spend more than half of their income on their housing expenses. This is a 10% increase since 2000.
- Connecticut has the 6th highest “housing wage” in the nation, meaning that a renter must earn \$23.58 per hour in order to afford⁴ a typical two-bedroom apartment. That hourly wage is the equivalent of an annual salary of \$49,000. In 2004, a salary of \$29,000 would have sufficed.
- The median household income in 2011 could not qualify to purchase a home in 88 of the state’s 169 municipalities.

The lack of affordable housing has many deleterious effects. First, for Connecticut’s lowest income households, it means a greater risk of becoming homeless. As measured in Connecticut’s 2012 Point in Time (PIT) Count, 3,524 individuals in 2,689 households were counted living in Connecticut’s homeless shelters and transitional housing programs on a single night in 2012. While no unsheltered count was taken in 2012, the

³ Table A shows the recent AMI amounts for the State’s metropolitan statistical areas is attached. 120% of AMI is the highest income level served by the State’s multi-family housing funding programs.

⁴ While affordability has many different definitions, it is most often intended to mean that the housing costs do not amount to more than 30% of the household’s income.

2011 PIT counted 695 individuals and 671 households experiencing homelessness in unsheltered conditions. Episodes of homelessness put tremendous pressure on social and familial networks, disrupt families, and interfere with access to health care services, education and employment.

For those low-income households that are able to pay housing costs that are unaffordable, the lack of affordable housing often means forgoing other critical household expenses, including health care, child care, nutritious food and clothing expenses. Higher housing costs reduces the funds that are available when emergencies arise, like sudden health problems or the loss of employment. In addition, higher housing costs means less disposable income available to sustain vibrant commercial development in the surrounding community.

The lack of sufficient affordable housing throughout the state also limits the ability of low-income individuals and families to move to communities where they can take advantage of job and educational opportunities. In some cases, household members may have to accept lengthy commutes and sacrifice critical time caring for children and elderly household members, volunteering and otherwise playing an active role in the civic life of the community. In other cases, those job and educational opportunities may be lost altogether.

The combined effect of these impacts can be to render communities more vulnerable to crime, dysfunction and instability, which can lead to disinvestment and the loss of businesses and jobs.

It is also important to recognize that the lack of affordable housing in Connecticut has a racial dimension. In Connecticut, income is highly correlated with race. Based on the American Community Surveys in 2006 and 2010, the poverty rate in Connecticut was 9%. However, the poverty rate among Hispanic persons was 24% and among Black persons (including Hispanic persons) it was 19%. The poverty rate among Non-Hispanic White persons was 5%. The median family income for Hispanic households was less than half the statewide median and about 44% of the median family income for non-Hispanic White households. The median family income for Black households was about 55% of the median family income for non-Hispanic White households.

In Connecticut, income and employment status also correlates with disability status. Unemployment and poverty are significantly more prevalent among people with disabilities. Specifically, 41% of the population with disabilities has an income below 200% of the poverty threshold, which in 2010 ranged from \$11,344 for a single individual under age 65 to \$22,113 for a married couple with two children under age 18. The median earnings for people with disabilities are about 60% of the median earnings for people without disabilities.

Since disabilities are more common among elderly persons and elderly persons often live on fixed incomes and are therefore more vulnerable to rent increases, it is important to note that the state's population is shifting, with more elderly persons and fewer children. From 2005 to 2010, the portion of people under 45 decreased by nearly 9% and the number of residents under 25 decreased by more than 15%. Meanwhile, the number of residents over 65 increased by 8% and the number of residents between ages 45 and 64 increased by 11%. According to the estimates of the Connecticut State Data Center, by 2020 people age 65 and older will constitute approximately 18% of the population and that figure will rise to 22% by 2030.

In the absence of sufficient affordable housing opportunities throughout the state and rental assistance subsidies to the extent needed, low-income families must often pay unaffordable rents for substandard housing in segregated neighborhoods with concentrated poverty and insufficient access to employment opportunities, highly performing schools and other public amenities that are often available in wealthier communities. Such marginalization has been linked to poor school performance and greater health problems, especially asthma and obesity.

Why is there insufficient affordable housing in Connecticut?

Part of the problem is on the income side: while personal income has increased it has not kept pace with the rise in the cost of housing. As shown in Table B, below, between 2001 and 2011 the median monthly owner costs increased by 41.6% and the median gross rent increased by 37.3% while the median household income of renters and owners increased by only 3.8% and 21.5%, respectively. As a result, many Connecticut residents need affordable housing.

The lack of sufficient affordable housing may also be attributed in part to NIMBY-ism, the lack of public facilities and infrastructure necessary to support multi-family housing (e.g. water and sewer service), the historic deference to the state's municipalities to implement zoning policies (including in ways that prohibit or discourage affordable multi-family developments), high construction costs due to the proximity of the New York City and Boston markets for construction services, the incremental cost of providing support services for very low-income residents, the added costs associated with constructing housing appropriate for low-income elderly and disabled residents, and historically sub-optimal state policies and procedures with respect to promoting and funding affordable housing construction.

Whatever the cause of the insufficiency of affordable housing in Connecticut, it is clear that not enough housing units are being constructed. According to the US Census Bureau, in 2011 Connecticut had the fewest housing units built per capita, a trend that has been consistent throughout the past decade.

This has not always been the case. Connecticut is one of only four states that invested (and continues to invest) state financial resources in the construction of affordable housing. Massachusetts, New York and Hawaii are the other states. The state-sponsored housing portfolio, which comprises properties wholly or partially funded with state funds, provides housing for some of the state's lowest income residents. However, as the first state-sponsored units were occupied in 1948 and are now nearing the end of their useful life and more recently constructed units have been undermined as a result of neglect and underinvestment during prior administrations, a significant portion of the state-sponsored housing portfolio requires significant rehabilitation or, in some cases, total redevelopment. While there are approximately 13,950 units in the state-sponsored housing portfolio, only approximately 82% are occupied due to deteriorating conditions and there are over 9,000 households on waiting lists for these units. There are another 12,000 households on waiting lists for other CHFA programs, mostly family and elderly housing.

While low-income individuals and families need more affordable housing units, more units alone is not sufficient. The affordable housing units that are needed include more affordable housing units that are located strategically to reduce racial segregation, increase the degree of integration among households with different incomes levels, provide transit-oriented residential opportunities suitable for young workers, and should provide low-income households and families with convenient access to jobs, education, shopping, services and affordable transit. Low-income individuals and families in Connecticut, like all residents, also need affordable housing that strengthens communities and enables the state's economy to grow more robust and more competitive.

Table A

County	Metropolitan Statistical Area	AMI
Fairfield County	Bridgeport	87,100
	Danbury	110,400
	Stamford-Norwalk	128,400
Hartford/Middlesex County	Hartford-West Hartford-East Hartford	87,700
	Southern Middlesex County	98,600
New Haven County (Milford)	Milford-Ansonia-Seymour	92,200
	New Haven-Meriden	84,900
	Waterbury	68,100
New London County	Colchester-Lebanon	100,100
	Norwich-New London	84,400
Litchfield County	NON METRO AREA	89,900
Windham County	NON METRO AREA	71,900

Table B⁵

Change in Median Household Income and Housing Prices from 2001-2011

Source: U.S. Census Bureau, American Community Survey, 2001-2011



⁵ Prepared by the Partnership for Strong Communities in "HousinginCT2012"

B. Effectiveness of State Programs

But need is only one piece of the puzzle. The Interagency Council also assessed the sufficiency of existing resources for the creation and preservation of affordable housing opportunities and the effectiveness of new and existing strategies and allocation of limited resources to meet Connecticut's affordable housing needs.

The state provides a wide variety of programs to create and preserve affordable housing opportunities for Connecticut residents. These programs include, without limitation:

- **Capital programs that provide financial assistance in the form of loans, grants and tax credits for the construction of new affordable units, the conversion of existing structures into affordable housing, and the rehabilitation and preservation of existing units of affordable housing.** Using the state's Affordable Housing (aka "Flex") Program, the Housing Trust Fund, the Predevelopment Costs Revolving Loan Fund, HOME Investment Partnership Program, and CHFA's financial assistance, DECD and CHFA have, since the start of January 2011, collectively financed or announced projects that invest over \$474 million in multifamily affordable housing, create or preserve over 6,700 affordable housing units, and leverage almost \$900 million of additional funds (mostly private debt and equity and federal and local funds). In addition, in the 2012 legislative session, the state authorized \$60 million for the development of housing units in downtown Hartford.
- **State-sponsored housing portfolio.** CHFA has primary responsibility for overseeing the statutory and regulatory administration of the state-sponsored housing portfolio to ensure long-term viability and stability of this important resource. In addition to other funds and investments that CHFA and DECD routinely make in these portfolio properties, the state commenced in FY 2013 a ten-year, \$300 million revitalization effort.
- **Rental subsidies that help households pay monthly housing expenses⁶** During FY 2012, over 3,000 families and adults living in privately-owned rental housing and supportive housing projects were provided rental subsidies through the Rental Assistance Program (RAP). An additional 6,488 rental vouchers were provided through the Section 8 Housing Choice Voucher Program and Moderate Rehabilitation program, allowing families and adults to move into and afford safe and sanitary housing. The Security Deposit Assistance Program also helped

⁶ Information in this section is taken largely from: FY 2012 Department of Social Services Annual Report.

over 2,500 families obtain permanent housing by providing a guarantee to landlords of up to two months' rent.

- **Foreclosure assistance programs, which offer distressed homeowners necessary tools and resources to prevent foreclosure, and provide legal services for foreclosure prevention and tenant protection.** The Emergency Mortgage Assistance Program (“EMAP”), which is administered by CHFA, together with housing counselors providing services under contract to CHFA and DECD, and legal services provided by an independent contractor, constitute the main thrust of the state’s effort to minimize the incidence and destructive impact of foreclosures on the state’s housing market. Another program, the foreclosure mediation program, was cited as a model by the Federal Reserve Bank of Boston and may also be worthwhile. Of the 13,844 CT homeowners who completed the mediation program as of May 31, 2012, 82% resulted in a settlement⁷.
- **Administration of the Affordable Housing Land Use Appeals Act (AHLUAA).** As the lead agency for affordable housing development, DECD annually determines and publishes a list of the municipalities in which more than 10% of the housing units are affordable. The municipalities on the list are exempt from the AHLUAA. In all other municipalities, a developer that exercises its legal right to appeal a decision by a local board or commission has the advantage that there are limited grounds for rejection of an affordable housing project and the municipality bears the burden of proof that its decision was within such limited scope.
- **Administration of the federally funded Neighborhood Stabilization Program (NSP) and the Community Development Block Grant – Small Cities program.** Although the funds provided by the federal government under these two programs are not required to be used for the rehabilitation of affordable housing, most funds are used for this purpose. For example, during the 2010-2012 program years, over \$30 million of the \$35,676,840 available was provided to municipalities in connection with affordable housing rehabilitation projects.
- **Homelessness prevention programs, such as rapid re-housing, and emergency shelters.** Connecticut’s PIT Count, which counts all of those who are homeless on a single night in January each year shows homelessness down slightly among both individuals and families from 2011 to 2012. The Connecticut Coalition to End Homelessness reports that this reduction may have resulted from the diversion of at-risk households into prevention and rapid re-housing programs. Data indicate that these programs have been remarkably effective elsewhere in the nation as well.

⁷ Judicial Branch Statistics: Foreclosure Mediation Program (FMP) Results as of May 31, 2012

- **Shelter programs that provide temporary shelter and support services for those individuals and families experiencing homelessness.**
- **Various subsidy programs that enable owners of affordable housing developments, including, without limitation congregate housing facilities, to maintain affordable rental costs for low-income residents.**
- **Fair housing initiatives to affirmatively further fair housing goals, including, without limitation, trainings, workshops, testing and research.**
- **Transitional services, which improve housing retention by assisting individuals and families in the transition from shelters to independent living.** In FY 2012, the Transitional Living Program served more than 2,248 individuals and funding was provided to 14 Beyond Shelter Programs⁸.

C. Barriers to Effective Housing Delivery Systems

At this time, while the state's management and administration of its affordable housing programs is on the threshold of significant change, improving the delivery system is as important as investing new resources in it. The Interagency Council agreed that Connecticut needs a housing delivery system that is comprehensive, predictable, transparent, centralized, flexible, and accessible.

While significant progress has already been made in improving the efficacy of the state's housing delivery systems within the past year, the Interagency Council identified and underscored several barriers to effective housing delivery systems that have historically impeded the creation and preservation of affordable housing opportunities in Connecticut, including, without limitation:

- **Lack of Convenient Centralized Access to Information.** For both developers and individuals and families in need, the lack of a centralized entryway into the housing system impairs the effectiveness of affordable housing programs.

For families and individuals, comprehensive information regarding available resources, procedures, programs, rights, responsibilities, applications, and vacancies cannot be easily accessed at a single location or portal. Instead valuable time and effort, and in some cases, staff resources must be expended in an effort to navigate the housing system and attempt multiple attempts to "break" into the system. Notwithstanding such additional efforts, opportunities

⁸ FY 2012 Department of Social Services Annual Report

may be missed, eligibility may be compromised and people in need may remain underserved.

Similarly, in the absence of centralized access, developers may expend unnecessary time and effort in pursuit of available subsidies, thereby delaying construction or rehabilitation activities and ultimately increasing the cost of affordable housing developments. In extreme cases, capable developers may be discouraged from undertaking affordable housing projects in the state.

Additionally, for policy makers, the lack of available, timely, comprehensive and accurate data regarding housing need within the state significantly impedes the ability of policy makers to develop appropriate housing and development policies, to make appropriate resource allocations and to target investments to maximize impact.

- **Fragmentation of Programs and Resources.** With the emphasis on increased leverage from multiple sources, which often includes multiple public sources, the fragmentation of programs and resources becomes especially challenging. Agencies' requirements, timeframes and processes may be poorly coordinated or, at worst, in conflict. Significant progress has been made by DECD and CHFA, which have combined their applications and now coordinate their funding rounds and reviews. Improved coordination among state agencies, though standing interagency committees and on a case by case basis, and among these agencies, quasi-state entities such as the Capital Region Development Authority, HUD, municipal governments, housing authorities, and affordable housing advocates has also begun to show results.
- **Inflexible processes.** While progress streamlining processes has been made, addition improvements are necessary to root out unnecessarily costly and time-consuming processes, duplicative processes and policies that inhibit creative solutions and prevent speedy, flexible decision-making. Greater flexibility is also needed to encourage projects that are relatively uncommon but well-suited to specific niche settings, including, for example, small developments, homeownership projects, projects in rural areas, historic mill conversions and mixed use/mixed income projects (projects that combine mixed income housing with commercial or retail space, community amenities such as day care or community centers, and transportation amenities).
- **Historic Lack of Funding Predictability.** Uncertainty with respect to the availability of funding over multiple years and even for funding rounds within the year has hampered development efforts. Allocations in advance of large blocks of funds for affordable housing developments should be sought from the State Bond Commission rather than smaller, deal specific allocations so that

project selection and closings can be freed from the schedule of the State Bond Commission, the uncertainty of its monthly meetings and competition with concurrent unrelated bond allocation requests. The uncertainty of receiving funds is especially problematic for non-profit developers, which have fewer resources to undertake all of the work necessary to get potential projects “shovel ready” on spec. Such developers may not be able to undertake the volume of affordable housing projects in the absence of greater certainty of funding availability and/or earlier commitments of predevelopment funds.

- **Inadequate opportunities to provide input to effect change in state processes, policies and decision-making.** The existing methods for eliciting and offering feedback or input into state housing delivery system processes and practices, such as public comment periods and targeted task forces should be continued and expanded. The provision of input by different actors within the system regarding programmatic and technical changes allows programs to be more responsive and open to community needs.

Ongoing engagement with both public and private resources, as well as an innovative spirit of problem-solving and outcome orientation, are needed to break down the existing barriers to the housing delivery systems. Transparency in policy and requirements, as well as consistency across housing programs, will enable the state’s housing system to receive more effective input on programmatic and technical changes. This ongoing communication and constant evaluation of the system will allow it to be truly responsive to community needs. The model of public-private partnerships embodied in the Reaching Home Campaign’s implementation of “Opening Doors CT” is a clear example of enhancing communication, collaborative planning, transparency, and shared goals and benchmarks in fulfilling part of the new department’s mission to prevent and end homelessness.

Recommendations for the Implementation of the Department of Housing

Programs to Be Transferred and Timeline for Implementation

Currently, responsibility for the state's housing programs is divided among state agencies. In order to provide a coordinated and comprehensive approach to Connecticut's housing policies and programs, housing functions will be consolidated into a new Department of Housing. The Department of Housing will provide leadership for the state's housing policy issues and will facilitate a coordinated implementation of the state's housing agenda. Coordinating the state's housing functions has several advantages over the existing, fragmented system.

- First, it is more consumer-friendly and will be considerably easier to navigate for potential and existing clients. The existing system is disjointed and can be confusing or potentially bewildering to state residents in need of housing assistance. By organizing similar housing-related programs into one entity, clients' ability to find their way to needed support will be enhanced through a comprehensive approach to housing services. With the responsibility for shelters, transitional living, and permanent affordable housing options all under one "roof", policies and programs can focus on a continuum of needs and streamlining our ability to provide individuals and families with appropriate housing options.
- Second, the consolidation of housing production, operation and financing will enhance our productivity and will ensure a comprehensive approach to housing initiatives. Combining these programs into one organization will provide a single point of contact for developers, advocates, municipalities, the federal government, and our quasi-public partners. The state's ability to collaborate with these partners will be enhanced and the coordinated approach will provide an opportunity to simplify procedures and facilitate action. Often, housing development is dependent on matching operating subsidies for those lowest-income tenants that cannot afford monthly rent at fair market rates. By combining access to capital and ongoing operating subsidies, Connecticut will be

significantly better positioned to efficiently address the housing needs of our residents.

- Finally, the consolidation will provide the most effective structure for strong leadership and bold vision to bring the state's housing agenda to the forefront. Over the past year, collaboration between DECD and CHFA has been significantly enhanced and a coordinated approach to allocating resources has been adopted. With the establishment of a new Department of Housing, we will be well-positioned to highlight the critical importance of quality, affordable housing as a cornerstone of the state's responsibility to its citizenry. The new department will provide an important link to the state's ongoing significant efforts in the areas of economic and transit-oriented development by focusing on the key role of affordable housing to the success of efforts.

The time is right for Connecticut to undertake this consolidation. Governor Malloy has made clear that safe, affordable housing is essential to our future as a state and that when we invest in housing, we invest in people, communities and our economic future. Stable housing affects the quality of our neighborhoods, education of our children, health of our citizens and opportunity for individuals and families to live in thriving communities. That is why Governor Malloy has made an unprecedented commitment of funding to rehabilitate and develop new housing opportunities and why he proposed reorganizing the state's housing efforts.

Establishing a new, comprehensive Department of Housing with centralized leadership is the right thing to do and the smart thing to do for the future of Connecticut's communities and people. The council applauds the Governor and the General Assembly for establishing a Connecticut Department of Housing in statute.

Based on the information provided by state and national experts in the housing field, the council developed a vision and mission statement and delineated roles for the new department. These vision, mission and roles guided the council as it developed recommendations, specifically related to the transfer of existing state agency housing programs to the new department of housing.

Vision

To develop and maintain strong, vibrant communities in Connecticut with access to safe, affordable places to live for families and individuals.

Mission

The Department of Housing will provide centralized leadership and a comprehensive approach to eliminating homelessness and meeting the needs of low- and moderate-income individuals, families and communities in Connecticut for quality and sustainable housing by enhancing the supply of, and access to, safe and affordable housing and by collaborating with other agencies to improve the infrastructure of neighborhoods and communities.

Roles

- Perform research and planning. Based on **data and** input from consumers and various stakeholders, identify housing and community needs, gaps and duplications in service, and develop short- and long-term plans of action.
- Proactively develop statewide housing priorities, policies, and programs using consumer and other stakeholders' perspectives. For example, the new department will be responsible for the development of policy-setting documents such as the state's Consolidated Plan for Housing and Community Development which governs the allocation of state and federal funds and drives the housing types, populations served, and service models used throughout the state.
- Maximize and commit resources to achieve priorities and implement policies and programs that meet the needs of Connecticut residents for safe and affordable housing.
- Monitor and ensure compliance with state and federal requirements.
- Advocate with federal, state and local policy-makers to more adequately address the housing and community development needs of Connecticut residents. Pursue federal and state resources and other opportunities.

- Coordinate existing housing resources and programs with internal and partners, e.g. CHFA, federal and municipal governments, and other state agencies such as DMHAS and DEEP. The new department will provide leadership and decision-making with regard to implementation of statewide priorities. The Commissioner will lead the council's work in developing the state's Qualified Assistance Plan (QAP) for implementation by CHFA.
- Ensure that information and referral to available programs and resources are provided to consumers.
- Improve the effectiveness of the previous state housing structure by:
 - Utilizing flexible funding mechanisms and eliminating bureaucratic hurdles;
 - Enhancing predictability;
 - Providing transparency in processes and decision-making;
 - Leveraging opportunities; and
 - Promoting accountability by using data to create and measure objectives – across all housing agencies and systems.
- Prioritize the development of and access to permanent housing, mixed income housing development, and housing for elderly and special needs populations.

To identify the specific programs recommended for transfer to the new Department of Housing from existing state agencies, the council used the above vision, mission, and roles to first develop criteria for programs to be transferred.

Areas for Transfer:

- Programs directly related to the provision of, or access to, individual or group housing;
- Programs that prevent homelessness (e.g. eviction and foreclosure prevention)
- Programs that provide shelter;
- Programs that provide transition from homelessness (e.g. transitional living programs);
- Rental subsidies;
- Elderly and special needs housing programs;
- A statewide housing authority;

- Development of permanent, affordable housing, particularly through soft (grant) financing, but also including hard (loan) financing;
- Fair housing, tenant rights, and landlord/tenant programs; and
- Programs that provide the potential for home ownership.

Programs that should NOT be transferred:

- Clinical services provided by state agencies with expertise working with sub-populations, such as individuals with mental illness, developmental disabilities, criminal offenders, etc.
- Low Income Housing Tax Credits; and
- Administrative oversight of the statutory and regulatory compliance of the properties in the state-sponsored housing portfolio.

The following pages contain the council's recommendations regarding programs currently administered by other state agencies to be transferred to the new Department of Housing.

Housing Programs Recommended for Transfer to the Department of Housing

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	Affordable Land Use Appeals - (Affordable Appeals) Regulatory and Technical Assistance	\$0	CGS § 8-30g	Any developer of housing, where such housing meets the definition of a set aside development (30% of the units to be built are affordable housing), is entitled to an appeal of a local decision by a local board or commission, if such application is denied or is approved with restrictions which have a substantially adverse impact on the viability of the project.
	Community Housing Development Corporation - CIL - NFTG	\$1,000,000	CGS § 8-217, § 8-218 and § 8-37	The Program provides grants to persons transitioning from nursing homes back into the community under the Nursing Facility Transition Grants Program (aka Money Follows the Person). Funds are used for accessibility renovations to dwellings that will be occupied by such persons.
	Condominium Conversion - (Condo Conversion) - Compliance Monitoring	Revenue Generator (Fees) \$300	CGS § 47-88b	Any declarant of a conversion condominium must file notification of such conversion with DECD within one hundred twenty days of their notice to the current residents of such units.
	Elderly Rental Registry and Counselors (RSC and Disability Registry) - Subsidy Programs	\$1,098,171	CGS § 8-114d, and § 8-119x	RSC Grants are provided to the owners/managers of state-financed elderly rental housing to offset the cost of hiring resident service coordinator (includes a one-time allocation of surplus funds to expand the resident service coordinator component of the Elderly Rental Registry and Counselors program).
	Energy Conservation Loan Program	\$0	CGS § 16a-40 - 40c	Low interest loans are made to homeowners seeking to reduce utility bills or make energy saving improvements to a property. The property must also qualify for lead or asbestos abatement.
	Fair Housing Program	\$308,750	CGS § 4-8, PA 11-6 Section 1	Supports fair housing activities that promote fair housing choices through a broad range of activities.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	Flexible Housing (Affordable) Program	\$102,500,000	CGS § 8-37	This is now DECD's primary housing production program. The purpose of the Flexible Program is to provide broad authorities to DECD to fund housing and related facilities. Financial assistance can include, but is not limited to, grants, loans, loan guarantees, deferred loans or any combination thereof.
	Flexible Housing (Affordable) Program - Window Replacement	\$0	CGS § 8-37ww	Demonstration program for energy efficient and environmentally safe housing. A Pilot program in up to three municipalities, two with over 100,000 in population, one with fewer than 100,000.
	Hazardous Materials Program - (CRT - Home Solutions)	\$0	CGS § 8-219e	Grants are available for properties occupied by low and moderate- income residents. No-interest loans and low interest loans are available for properties occupied by all other residents.
	Housing Assistance and Counseling Program - Assisted Living in Federal Facilities (ALFF) - Subsidy Program	\$438,000	CGS § 8-206e, parts (d) and (e)	DECD in a joint effort with the Department of Social Services, and with the assistance and direction of the Office of Policy and Management, has developed and implemented a demonstration program that brings assisted living services to residents of three federal facilities.
	Housing Trust Fund	\$25 million	CGS § 8-336m et seq.	Along with the Affordable Housing Program (aka the Flexible Housing Program), this is DECD's main vehicle for funding housing creation and preservation. This program provides broad authority to fund housing construction, rehab, redevelopment and acquisition. Financial assistance can include, but is not limited to, grants, loans, loan guarantees, deferred loans or any combination thereof.
	Subsidized Assisted Living Demonstration (ALDemo) - Subsidy Program	\$1,880,000	CGS § 17b-347e	Rental Assistance grants are provided to owners/managers of newly developed affordable housing units constructed under the PRIME -ALDemo program on behalf of low and very low-income elderly residents.
	CCEDA - City of Hartford - 6 Pillars Housing	\$0	CGS § 32-600 et seq.	DECD provides grants in aid to the City of Hartford. The City of Hartford has \$25 million available through CGS § 32-616 (b) (4), for mixed income housing in downtown areas, Temple St., Trumbull St., Front St., and Civic center.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	CCEDA - City of Hartford - Demolition and Redevelopment Activities	\$0	CGS § 32-600 et seq.	DECD provides grants in aid to the City of Hartford. The City of Hartford has \$25 million available through Section 32-616 (b) (4), for demolition and redevelopment activities as defined in Chapter 588x CGS.
	Community Development Block Grant Program for Small Cities	\$11,141,302	Authorized under Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq. Program at 24 CFR 570, subpart I (for participating states).	Since 1974 CDBG has been the backbone of improvement efforts in many communities, providing a flexible source of annual grant funds for local governments nationwide.
	Community Housing Development Corporations - Revolving Loan Fund - CHIF/CT CDFI Alliance	\$0	CGS § 8-217, § 8-218 and § 8-37	State funds of \$1,500,000 are provided as a 0% deferred loan for a 30- year term to CT CDFI Alliance to administer a revolving loan fund. CT CDFI Alliance is comprised of five non-profit housing development corporations each of which is federally chartered as a CDFI.
	Congregate Facilities Operating Cost (Congregate) - Subsidy	\$7,089,047	CGS § 8-119l	Provides grants to housing authorities and nonprofit corporations who own/operate state-financed congregational rental housing for the elderly to offset the cost of social and supplementary services.
	Congregate Housing Program	\$12,500,000	CGS §. 8-119d	The Congregate Housing Program provides a grant or loan for the development of a housing facility for the frail elderly who have low incomes as well as subsidy funds to assist in the provision of Congregate support services that are necessary to enable semi-independent living in a residential community setting.
	Corporation for Independent Living (CIL) Administrative Costs Subsidy	\$0	CGS § 8-119t	Grants in aid of \$50,000 per year were made to CIL, a statewide, private, non-profit housing development corporation that is organized and existing for the purpose of expanding independent living opportunities for developmentally disabled and handicapped persons.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	Elderly Rental Assistance Program (Elderly RAP) - Subsidy Program	\$2,389,796	CGS § 8-119kk	The Elderly Rental Assistance Program provides rental assistance to low-income elderly persons residing in state-assisted rental housing for the elderly. Such housing must comply with applicable state and local health, housing, building and safety codes.
	Energy Conservation Loan Program-CHIF	\$5,000,000	CGS § 32-317	The Energy Conservation Loan Program (ECL) and the Multifamily Energy Conservation Loan Program (MEL) provide financing at below market rates to single family and multi-family residential property owners for the purchase and installation of cost-saving energy conservation improvements.
	Federal HOME Investment Partnerships Program	\$6,756,442	Title II of the Cranston-Gonzales National Affordable Housing Act, 1990, as amended and 24 CFR Part 92	Designed to create affordable housing for low and very- low-income households. Projects address abandoned, substandard and housing affordability problems in communities.
	Housing Development Program	\$0	CGS § 8-216b	This program provides funds to housing site development agencies and nonprofit corporations for as much as 67% of the cost of site acquisition, site improvements, relocation, and demolition to develop housing for families with low and moderate incomes
	Housing Development Corporation-Loans and Grants for Accessibility Program	\$0	CGS § 8-216-217	Pending information from agency.
	Independent Living for Handicapped and Developmentally Disabled Persons	\$0	CGS § 8-119t	Grants in aid were made to statewide, private, non-profit housing development corporations who are organized and existing for the purpose of expanding independent living opportunities for developmentally disabled and handicapped persons.
	Land Bank/Land Trust Program (LB/LT)	\$0	CGS § 8-214b - § 8-214e	This LB/LT program provided grants for the costs of acquiring land or interest in land and the costs of holding and managing land to be developed as housing for low and moderate-income families.
	Limited Equity Cooperatives and Mutual Housing	\$0	CGS § 8-214f	The program provides financial assistance in the form of grants, loans, or any combination thereof to develop Mutual Housing or Limited Equity Housing projects.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	Low-Income (Affordable) Housing Program	\$0	CGS § 8-110bb	Modeled after the Moderate Rental Program, this program provides financial assistance in the form of grants and deferred loans to eligible developers for the development of family rental housing for low- income households.
	Moderate Rental Housing Program	\$0	CGS § 8- 69 -94	Provides financial assistance in the form of low interest loans and grants to eligible developers for the development of family rental housing for low and moderate-income households.
	Neighborhood Stabilization Program	Federal funds	House and Recovery Act of 2008 & Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	Funds are used to establish financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties; to purchase and rehabilitate homes and residential properties abandoned or foreclosed; establish land banks for foreclosed homes; demolish blighted structures; and/or redevelop demolished or vacant properties
	Payment-In-Lieu-Of-Taxes (MR-PILOT) - Subsidy Program	\$2,204,000	CGS § 8-216	This program allows the Commissioner to enter into a contract with a municipality and the housing authority of the municipality to make payments in lieu of taxes to the municipality on land and improvements owned or leased by the housing authority under the provisions of Part II of Chapter 128 of the Connecticut General Statutes.
	Predevelopment Costs Loan Program	\$0	CGS § 8-410	To provide financial assistance in the form of an interest free loan to the Developer for predevelopment costs incurred in connection with the construction, rehabilitation or renovation of decent, safe and sanitary dwelling units for low and moderate- income families.
	Private Rental Investment Mortgage and Equity Program (PRIME)	\$0	CGS § 8-400 - 409	DECD provides grants in aid, deferred loans, or second mortgage loans to rental housing projects financed by the Connecticut Housing Finance Authority.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	Relocation Grant Program	\$0	CGS § 8-268	Eligible municipalities may receive a grant equal to two thirds of the costs of relocating persons displaced directly as a result of housing code enforcement activities.
	Removal of Health Hazard - General	\$0	CGS § 8-219e	DECD provides grants in aid, deferred loans, or loans to for-profit or non-profit developers, housing authorities, municipal developers, or a person or family, as approved by the Commissioner for technical assistance and the abatement of lead-based paint or asbestos, and asbestos containing materials from residential dwelling units.
	Rent Receivership Revolving Fund	\$0	CGS § 47a-56i	This program provides loans for the rehabilitation of a property placed in receivership.
	Section 8 New Construction/Substantial Rehabilitation (Section 8 NC/SR) - Federal Project-Based Rental Subsidy Program	\$324,000 for administration; about \$14M in rent subsidies	CGS § 8-37r, § 8-37u and § 8-37x: U.S. Housing Act of 1937, as amended	The Section 8 New Construction/Substantial Rehabilitation program provides project-based federal rental assistance to 35 projects throughout Connecticut. Under this program HUD provides Section 8 project-based assistance to public housing authorities (PHAs) or private owners for up to 20 or 40 years after completion of the construction or substantial rehabilitation of rental housing.
	Senior Citizens Emergency Home Repairs - (part of Home Solutions - CRT)	\$0	CGS § 8-219b	Low interest loans are available for emergency repairs to dwellings to keep them safe, sanitary and habitable. Loans are for a minimum amount of \$1,000 and a maximum amount of \$10,000
	Septic System Repair - (part of Home Solutions - CRT)	\$0	CGS § 8-416	Low interest loans are available for a minimum amount of \$1,000 and a maximum amount of \$10,000 for septic tank removal, enlargement, or repair.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DECD	State-Sponsored Housing Revitalization	\$30,000,000	CGS § 8-37qq	The purpose of this program is to assist sponsors in the renovation of state financed housing developments. A loan and/or grant is provided to the sponsor to upgrade and modernize rental units to a safe and sanitary condition.
	Tax Abatement (TA) – Subsidy Program	\$1,704,890	CGS § 8-215	The Tax Abatement Program was established to help insure that financial feasibility of privately owned nonprofit and limited dividend low or moderate-income housing projects by providing reimbursement for taxes abated by municipalities up to \$450 per unit per year for up to 40 years.
	Urban Homesteading	\$0	CGS § 8-169 o-w	Provides low interest loans and grants to “urban homesteaders” for the purchase and rehabilitation of or construction on urban homestead property.
	Administrative Costs Program	\$0	CGS §8-219d	“Provides financial assistance in the form of grants-in-aid, loans or deferred loans to nonprofits to assist with the costs of administrative expenses and technical assistance associated with the development of housing for low and moderate income families and the elderly”
DSS	Housing/ Mediation Services	\$95,924	CGS § 17b-805	Reduces homelessness by preventing families from being evicted from their own homes, through the provision of mediation services and rent bank subsidies.
	Rent Bank	\$174,109	CGS § 17b-804	Provides funds to eligible families to help pay rent or mortgage arrears.
	Security Deposit Guarantee	\$1,647,674	CGS § 17b-802	Provides security deposit to families to obtain permanent rental housing.
	Rental Assistance Program	\$40,578,922	CGS § 17b-812	A housing program that helps families and individuals in obtaining decent, safe, sanitary housing in the private rental market by providing rental subsidies directly to program owners.
	HUD Section 8 Housing Vouchers	\$67,270,982	24 CFR Part 5, 24 CFR Part 982	A Housing program that helps families and individuals in obtaining decent, safe, sanitary housing in the private rental market by providing rental subsidies directly to property owners. DSS has committed 200 of its 5,653 vouchers in support of the Pilots Supportive Housing Initiative. This initiative will provide service-supported affordable project-based housing for formerly homeless individuals. .

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DSS	Section 8 Moderate Rehab	\$108,400	42 U.S.C. 12901 as amended	Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low income families at rents they can afford.
	SSBG Independent Transitional Living Services	\$4,604,311	42 USC 1397 et seq. 45 CFR Parts 96.70-96.74	Used for homeless shelters and transitional living programs that serve families with children. This transfer does not include money for the 4 Domestic Violence transition programs.
	SSBG/TANF Housing Services	\$1,957,879	42 USC 1397 et seq. 45 CFR Parts 96.70-96.74	SSBG/TANF Housing programs include funding for Rent Bank, Rent Finders, Residence for Persons with AIDs, Security Deposit Program & Special Projects. Also, funding for Emergency Shelters (under the SSBG service category Protective Services - Children) is included.
	HUD Housing for Persons with Disabilities	\$1,552,338	24 CFR Part 576	Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30 percent of the family's adjusted income.
	Emergency Shelters for the Homeless	\$2,151,989	CGS § 17b-800	Offers emergency shelter and case management services to homeless individuals and families. Provides non-emergency shelter to homeless individuals and families and Housing First for Families (HFF) services to homeless families.
	Special Projects	\$332,090	CGS §17b-800	Funds several programs that provide special services to the Emergency Shelters such as child care in homeless shelters and case management services.
	Transitional Living	\$3,486,032	CGS § 17b-800	Offers transitional housing with supportive services for a period of between 6 and 24 months to homeless individuals and families who are motivated to work for their future, but need the employment, education and self-esteem skills to become self-sufficient and move into permanent housing.
	SSBG Protective Services for Children	\$2,355,639	42 USC 1397 et seq. 45 CFR Parts 96.70-96.74	Program includes SSBG/TANF funds for Anti Hunger Programs, Supplemental Nutrition Assistance & Emergency Shelters. Only funding for emergency shelters is recommended for transfer.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DSS	HUD Emergency Shelters	\$1,171,305	24 CFR Part 576	Funds help improve the quality of emergency shelters for the homeless, assist in meeting the costs of operating shelters, provide essential social services to homeless individuals, rapid rehousing activities and help prevent homelessness.
	Emergency Shelters for the Homeless-Municipal	\$560,208	CGS § 17b-800	Offers emergency shelter and case management services to homeless individuals and families.
	Transitional Living-Municipal	\$73,818	CGS § 17b-800	Offers transitional housing with supportive services for a period of between 6 and 24 months to homeless individuals and families who are motivated to work for their future, but need the employment, education and self-esteem skills to become self-sufficient and move into permanent housing.
	Other Expenses CCEH	\$70,000	N/A	Supports license costs for homeless providers.
	Housing Opportunities for Persons With AIDS	\$282,574	42 U.S.C.12901, as amended	HOPWA provides tenant based rental assistance (TBRA) and Short-term rent, mortgage and utility (STRMU) assistance to the target population residing in Balance of State areas based upon HOPWA guidelines. Balance of State areas are towns that do not include the following: Bridgeport, Waterbury, Hartford and New Haven. These municipalities receive their own funding for HOPWA services.
	Residences for Persons With AIDS	\$3,935,556	CGS § 17b-803	Programs include: Emergency Shelter Program with AIDS Support Services; Transitional Living Program with AIDS Support Services; Independent Living Program with AIDS Support Services; and Supported Living Program with AIDS Support Services
	Emergency Solutions Grant	\$2,096,102	42 U.S.C. 11371 et seq.	Allowable activities are as follows: Emergency Shelter, Rapid Re-housing (RRH), HMIS, and admin (cap 7.5%). Emergency Shelter allocations cannot exceed allocations previously identified for the Emergency Shelter Grant. Any increased funding must be utilized for Balance of State services for RRH and HMIS. Balance of State areas are towns that do not include the following: Bridgeport, Waterbury, Hartford and New Haven.

Agency	Program Name	FY 13 Appropriations	Statutory Authority	Program Description
DMHAS	Federal Supportive Housing Program (Shelter Plus Care)	\$13,676,097	Title IV, Subtitle C, of the McKinney-Vento Homeless Assistance Act of 1987, as amended.	The Supportive Housing Program (SHP) is one of the McKinney-Vento Homeless Assistance Act programs designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons
	Enhancing Housing Opportunities	\$425,000	N/A	Provides housing opportunities and supportive services to 50 individuals with serious mental illness. Only the rental assistance portion will be moved, the service funds will stay with DMHAS.
	Forensic Supportive Housing	\$510,000	N/A	Provides permanent supportive housing to 60 clients in the department's forensic system. Only the rental assistance portion will be moved, the service funds will stay with DMHAS.
	FUSE	\$170,000	N/A	F.U.S.E. (Frequent Users of Support Enhancements) provides intensive case management and permanent housing to 20 individuals with a history of homelessness and repetitive incarcerations. Only the rental assistance portion will be moved, the service funds will stay with DMHAS.
OPM	Tax Relief for Elderly Renters	\$25,260,000	CGS § 12-170d	Funds payments to elderly and permanently totally disabled persons who rent real residential property and meet the eligibility requirements are entitled to receive as a partial refund from the state for utility and rent payments actually made.
	Incentive Housing Zone Program	\$2 Million	CGS § 8-13m-13x	Provides grants to municipalities for the purpose of providing technical assistance and pre-development funds in the planning of incentive housing zones, the adoption of incentive housing zone regulations and design standard.

The timeline for transfer of programs to the new department must be as soon as possible. It has been almost twenty years since Connecticut has had a state agency that was solely dedicated to providing for the housing needs of state residents. The department has been established legislatively and, with this report, the delineation of programs to be transferred is clear. Delaying the implementation of the department will only harm the state's low and moderate-income individuals and families who will most benefit from a comprehensive and coordinated lead agency for housing in Connecticut. The council strongly urges the Governor and legislature to take action immediately to ensure that the state has a functioning Department of Housing.

Changes to the State's Housing Delivery Systems

In addition to the implementation of the new Department of Housing, the council recommends improvements to the effectiveness of the state housing structure by ensuring that the new Department of Housing:

- *Utilizes flexible funding mechanisms and eliminating bureaucratic hurdles.* The new department should promote innovation and create simplified opportunities for provision of funding, including identifying new and creative financing and packaging approaches.
- *Enhances predictability.* The new department should provide for long-range planning and sustainable access to resources, including predictability of funding rounds and consistent application requirements to the extent practical.
- *Provides transparency in processes and decision-making and encourages resident participation.*
- *Leverages opportunities.* The new department should leverage private financing to allow subsidy resources to stretch as far as possible, enhance cost-effectiveness, maximize impact, and reduce costs.
- *Promotes accountability by creating and measuring objectives – across all housing agencies and systems.* The new department should develop quantifiable objectives and goals.
- *Implements a unified approach to state financing for affordable housing that brings together all housing resources in the state.* See explanation of this recommendation under the following section regarding enhanced coordination across housing systems.

- *Creates an organization and staff culture that avoids a regulatory mentality and focuses on development, program administration and production.* The department should focus on streamlined investment and incentives for staff to: (1) be pro-active in identifying and bringing projects to fruition; (2) work collaboratively with developers throughout the process; (3) make decisions and take risks; (4) finance and close on projects quickly; (4) coordinate with agencies at the underwriting level; and (5) reduce the time and costs during pre-development and construction.

The council also encourages the new Commissioner of the Department of Housing to consider the following recommendations as s/he formulates the organizational structure of the new department:

- *Consider developing a state personnel pilot in hiring and evaluation.* Consideration should be given to reducing the overall number of classes and making classes more generic and flexible; establishing meaningful career ladders; promoting flexibility in work assignments; exploring new job designs that provide for better service delivery and increased job satisfaction. This list is not intended to limit the scope of the pilot, which would need to be come out of a joint labor-management agreement.
- *Consider establishing a Supportive Housing Director position.* Supportive housing (permanent, affordable housing matched with support services for individuals and families at-risk of homelessness) has been a highly successful interagency initiative in Connecticut. The creation of a high-level position dedicated to overseeing supportive housing goals, objectives and transactions will ensure the new department's institutional commitment to supportive housing.
- *Consider establishing a Fair Housing Director position.* Housing discrimination continues to be a pressing concern in Connecticut and the council recommends a state-funded, high level position entirely focused on eliminating discrimination in housing. The department should incorporate strategies that further fair housing goals and objectives into its policies and programs and ensure that sufficient staff have expertise in this area.
- *Consider using a network of intermediaries (CDFI's, nonprofit agencies, etc), to the extent it is cost-effective, to promote greater leverage in transactions and to facilitate a predictable, ongoing flow of resources to meet affordable housing needs.*
- *Consider establishing a Research and Innovation position. The role of this position will be to work with the Commissioner, the Interagency Committee and other*

stakeholders in order to define data and research needs, establish and monitor progress of measurable goals and outcomes for the department, encourage and support innovation and the implementation and replication of best practices, and work with philanthropy and other funders to pilot new innovations and bring existing programs to scale.

Prioritization of Housing Resources

In general, the council recommends that the new Department of Housing be committed to strengthening communities and prioritizing the development of and access to permanent housing, mixed income housing development, and housing for elderly and special needs populations. The following specific priorities emerged from the council's discussions:

- ✓ Address the housing needs of the state's elderly population. Demographic trends and costs of long term care emphasize the need to provide adequate housing for our elderly population, e.g. aging in place options, intergenerational living (accessory apartments), weatherization, and upgrade of housing stock.
- ✓ Address homelessness by ensuring access to and support for housing for the most vulnerable and poorest populations, including special needs populations such as families and youth, veterans, ex-offenders, and individuals with behavioral health disorders.
- ✓ Promote economic development and transit-oriented development. Create and foster incentives to address the need for workforce housing, downtown housing, housing near and accessible to transit, and housing that meets the needs of cities and city-dwellers.
- ✓ Promote mixed-income housing development with appropriate services such as public safety and support services including health and mental health services. Principles of mixed income housing should include: strong management, majority of units should be market rate, majority of resident board members should be low-income, and low-income units should be mixed rather than clustered.
- ✓ Promote long-term sustainability, green, energy efficient communities (e.g. Metro Green Apartments in Stamford and Smart Growth).
- ✓ Value communities and neighborhoods. Enhance the unique characteristics of all communities by investing in healthy, safe and walkable neighborhoods with

easy access to employment centers, educational opportunities, services and other basic needs.

- ✓ Involve community residents in the decision-making process and support consumer choices.
- ✓ Align affordable housing investments with other state investments that help child, youth and families thrive, including in particular investments which support improved educational outcomes.
- ✓ Support fair housing and anti-discrimination efforts.
- ✓ Promote affordable housing development in every community in the state, including development outside of areas of poverty. This priority will play a key role in de-concentrating poverty in Connecticut. Affordable housing investments should balance improving the quality of life for existing residents of low-income communities and supporting family choice and mobility by encouraging developments that serve low-income families in high opportunity areas. In addition, policies should include specific measures to make these developments available to and accessible by very low-income families.

The Interagency Council on Affordable Housing intends to play a significant ongoing role in prioritizing housing resources. In particular, the council, in conjunction with the Department of Housing, the Connecticut Housing Finance Authority (CHFA), and other State agencies will develop the state's approach and criteria for use and implementation of the state housing and related resources. This interagency approach will provide the opportunity for enhanced dialogue and input for the use and coordination of housing programs and resources. The specific role of the council and its members will be dependent on the type of such resources. For example, resources that are competitively awarded may require a subset of the council members to set criteria consistent with existing policy while other resource implementation issues may be reviewed by the entire council.

This approach to prioritization of the state's housing resources will bring diverse expertise to bear and will ensure consistency and enhance coordination across housing systems.

Enhanced Coordination Across Housing Systems

In order to eliminate duplication and reduce overlap, the new Department of Housing should be the singular agency charged with oversight and reporting of state housing programs.

The Department of Housing will coordinate existing housing resources and programs with internal and external partners, e.g. CHFA, federal and municipal governments, and other state agencies such as DMHAS and DEEP. The new Department will provide leadership and decision-making with regard to implementation of statewide priorities.

In particular, the council recommends the implementation of a unified approach to state financing for affordable housing that brings together all housing resources in the state. The new Department of Housing should take a lead role in implementing a true one-stop application process that enables projects to receive funding from a variety of appropriate sources rather than approaching isolated programmatic funding. Funding sources could include, but not be limited to the Connecticut Housing Finance Authority, the Office of Policy and Management, and the Departments of Economic and Community Development, Social Services, Children and Families, Mental Health and Addiction Services, Banking, Education, Transportation, and Environmental Protection.

The department should provide technical assistance and education to affordable housing industry partners and allow partners to understand the environment in which they operate. The department should ensure that information and referrals to available programs and resources are provided to consumers. The department should take a lead role working with municipalities to enhance affordable housing in local communities. A first step in this regard should involve a review and assessment of zoning laws in all 169 municipalities, followed by work with local communities to remove barriers to affordable housing.

The council recommends adding representation from the state Departments of Education and Developmental Services and from Conn-NAHRO to its membership. The council looks forward to its ongoing role in working with the Department of Housing to enhance coordination across housing systems.

Appendix A

Statutory Authority

Public Act 12-1, June Special Session

Sec. 112. Section 8-37r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There shall be a Department of Housing, which shall be within the Department of Economic and Community Development for administrative purposes only, which shall be the lead agency for all matters relating to housing. The department head shall be the Commissioner of [Economic and Community Development] Housing, who shall be appointed by the Governor in accordance with the provisions of sections 4-5 to 4-8, inclusive, as amended by this act, with the powers and duties therein prescribed. Said commissioner shall be responsible at the state level for all aspects of policy, development, redevelopment, preservation, maintenance and improvement of housing and neighborhoods. Said commissioner shall be responsible for developing strategies to encourage the provision of housing in the state, including housing for very low, low and moderate income families.

(b) [Said department] The Department of Housing shall constitute a successor to the functions, powers and duties of the Department of Economic Development relating to housing, community development, redevelopment and urban renewal as set forth in chapters 128, 129, 130, 135 and 136 in accordance with the provisions of sections 4-38d, 4-38e and 4-39.

(c) The commissioner shall, in consultation with the interagency council on affordable housing established pursuant to section 113 of this act, review the organization and delivery of state housing programs and submit a report with recommendations, in accordance with the provisions of section 11-4a, not later than January 15, 2013, to the joint standing committees of the General Assembly having cognizance of matters relating to housing and appropriations.

(d) Any order or regulation of the Department of Housing or Department of Economic and Community Development that is in force on January 1, 2013, shall continue in force and effect as an order or regulation until amended, repealed or superseded pursuant to law.

Sec. 113. (NEW) (*Effective from passage*) (a) There is established an interagency council on affordable housing to advise and assist the commissioner of the Department of Housing in the planning and implementation of the department.

(b) The council shall consist of the following members: (1) The Commissioners of Social Services, Mental Health and Addiction Services, Children and Families, Correction and Economic and Community Development, or their designees; (2) the Secretary of the Office of Policy and Management, or his or her designee; (3) the executive director of the Partnership for Strong Communities, or his or her designee; (4) the executive director of the Connecticut Housing Coalition, or his or her designee; (5) the executive director of the Connecticut Coalition to End Homelessness, or his or her designee; (6) the executive director of the Connecticut Housing Finance Authority, or his or her designee; (7) two members, appointed by the members specified in subdivisions (1) to (6), inclusive, of this subsection, who shall be tenants receiving state housing assistance; and (8) one member, appointed by the members specified in subdivisions (1) to (6), inclusive, of this subsection, who shall be a state resident eligible to receive state housing assistance. The Governor shall designate a member of the council to serve as chairperson.

(c) The council shall convene on or before July 15, 2012, to develop strategies and recommendations for the implementation of the Department of Housing. The council shall: (1) Assess the housing needs of low income individuals and families; (2) review and analyze the effectiveness of existing state programs in meeting those needs; (3) identify barriers to effective housing delivery systems; and (4) develop strategies and recommendations to enhance the availability of safe and affordable housing in communities across the state through the Department of Housing.

(d) On or before January 15, 2013, the council shall submit, in accordance with the provisions of section 11-4a of the general statutes, a report to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, housing and human services on the implementation of the Department of Housing. The report shall address recommendations concerning: (A) Programs to be transferred to the Department of Housing and a timeline for implementation; (B) effective changes to the state's housing delivery systems; (C) prioritization of housing resources; and (D) enhanced coordination among and across housing systems. Not later than fifteen days after receipt of the report submitted pursuant to this subsection, the committees shall hold a public hearing on said report.

Appendix B

List of Members

Of the Interagency Council on Affordable Housing

Anne Foley, Chair Under Secretary Office of Policy and Management	Roderick Bremby, Commissioner Department of Social Services
Eric Chatman, Executive Director Connecticut Housing Finance Authority	Betsy Crum, Executive Director Connecticut Housing Coalition
Rebecca Fleming, Deputy Director Department of Correction	Daisy Franklin Council Member
Barbara Geller, Director Department of Mental Health and Addiction Services	Joseph Martel Council Member
Sarah Ratchford Council Member	Howard Rifkin, Executive Director Partnership for Strong Communities
Catherine Smith, Commissioner Department of Economic and Community Development	Kim Somaroo-Rodriguez, Manager Department of Children and Families
Carol Walter, Executive Director Connecticut Coalition to End Homelessness	

Appendix C

Public Hearing on December 11, 2012

Interagency Council on Affordable Housing

The Interagency Council on Affordable Housing conducted a public hearing at the Lyceum in order to receive public comments on the establishment of the new Department of Housing. A total of seven individuals provided oral testimony; an additional five pieces of written testimony were submitted.

Summary of Oral Testimony

The first three speakers testified in opposition to the recommended transfer of the Supportive Housing for Families (SHF) program from the Department of Children and Families into the new Department of Housing. From **The Connection, Inc., Acting President and CEO Lisa DeMatteis** and **Attorney Beth Hogan, Project Developer**, emphasized that the SHF is primarily a child welfare program. SHF offers clinical case management for at risk children and families, in which housing is utilized as a platform in which care is given. **Dr. Anne Farrell, an Associate Professor of Human Development and Family Studies at UConn**, testified on the uncertainty surrounding the transfer of the SHF program and the implications of the transition. DCF was recently awarded a \$5M grant for the federal Administration of Children and Families, in which Dr. Farrell, and her colleague Dr. Preston Britner, are the principal investigators of the evaluation component. Dr. Farrell explained that the move to a new department would jeopardize the implementation of this grant, which is very prestigious - Connecticut was one of only five national sites to be funded, as well as the only statewide initiative.

Raphael Podolsky from the **Legal Assistance Resource Center of Connecticut, Inc.** offered two brief comments regarding the transfer process:

1. As with any reorganization, adequate staffing levels must be ensured. Especially in this time of budget crisis, it is important to make sure that these programs being transferred are not being put into a weaker context as a result.
2. Entireties of programs, instead of parts, should be transferred to the new department. Some of the proposed statutory provisions to be transferred are not all-inclusive of a particular program.

Erin Kemple, Executive Director of the Connecticut Fair Housing Center, urged the council to affirmatively further fair housing by making fair housing a priority within the new department, incorporating affirmative fair housing strategies into the workplan of every state employee involved in housing policy, and examining restrictive municipal zoning ordinances. In addition, Ms. Kemple suggested promoting a unified housing policy, which would include CHFA programs such as the low income housing tax credit and the public housing portfolio.

Mary Wilton Campbell, member of the Northwest Connecticut Property Owners Association, testified that the council should add a rental property owner as a member, and receive input from rental property owners and property managers before the report is finalized.

John Bradley, Executive Director from Liberty Community Services, testified that, after the transition, he hopes to see the same commitment and sense of importance from the new Department of Housing staff that he has received through DSS. In addition, he shared concerns that the timing of the transition may result in the delay of a new contract and quarterly payment for his AIDS Housing grant, and proposed a three month contract extension that could be executed before July 1st in order to prevent a disruption in services.

Summary of Written Testimony:

Mag Morelli, President of LeadingAge Connecticut: Ms. Morelli submitted testimony in support of including the coordination of senior housing within the Department of Housing. She expressed the importance of recognizing the unique role and needs of elderly housing sites and offered the expertise and assistance of the provider members of LeadingAge Connecticut to the council and new Department of Housing.

Susan Salters, Community Inclusion Specialist at Independence Unlimited: Ms. Salters proposed the addition of new program under the Department of Housing that would focus on the provision of accessible housing for people with disabilities. She expresses the chronic need for accessible housing in affordable units, especially for those using wheelchairs or other mobility devices.

David Fink, Policy Director for Partnership for Strong Communities: Mr. Fink emphasized the promotion of mixed-income housing and called for a reevaluation of how “housing affordability” is measured, particularly regarding the exclusion of related

costs such as transportation, and location-specific costs of healthcare, nutrition, environmental quality, and education.

Alicia Woodsby, Deputy Executive Director for the Partnership for Strong

Communities: Ms. Woodsby emphasized that the new Department of Housing should be designed and structured with an understanding of the following needs of the system: a coordinated, statewide crisis response system to prevent homelessness and more efficiently target resources; affordable and supportive housing to meet the needs of homeless and at-risk populations in the state; income growth and employment for people who are homeless or at-risk of homelessness; improved health and housing stability among those who are homeless or at-risk of homelessness; and a service delivery system for runaway and unaccompanied youth who are homeless.

Betsy Crum, Chair of the Reaching Home Housing Workgroup: Ms. Crum's testimony supplements and expands upon the recommendations submitted by Alicia Woodsby. The Workgroup's recommendations include: implementing a unified approach to accessing financing for affordable housing; implementing a true one-stop application process; transforming staff to focus on development, program administration, and production, rather than regulation; and investing in capacity-building activities that will result in high quality, "ready-to-go" proposals that meet both local needs and state priorities.